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Fibra NEXT postpones IPO amid regulatory snafu

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Fibra Uno on Wednesday failed to price the up to Ps15.56bn (US\$902m) Mexican Bolsa IPO of its carved-out industrial property portfolio as the new vehicle was unable to secure the final sign-off for its REIT status from local tax authorities.

Fibra Uno said it could have completed the **Fibra NEXT** IPO, given strong global demand, but it postponed the float to secure the participation of local Afores pension funds.

"Even though we could have carried out the offer within the [price] range, Fibra NEXT is focused on going to market with the most diverse investor base, including key investors of Fibra Uno, such as Afores and institutional investors," Fibra Uno said when the deal was due to price.

BBVA, Bank of America, BTG Pactual, Citigroup and JP Morgan secured significant international demand for the proposed sale of 277.8m shares marketed at Ps51–Ps56 each. Afores, local retirement fund administrators which are significant to domestic placements, were unable to participate because Mexican tax authorities had not signed off on NEXT's classification as a Fibra, the Mexican version of a REIT.

Of the 277.8m shares on offer in the base deal, 60% were to have been placed with international investors and the remaining 40% with domestic investors, led by Afores.

"The Afores have a very specific regime, with limits to how much of their portfolio can be dedicated to each asset class," said Jorge Escalante, a securities lawyer at Mayer Brown. "They have a Fibra bucket, and if they don't have that confirmation from the tax authority, their investment in the Fibra would have to be reclassified and that would set their buckets out of balance."

Fibra Uno has until December 14 to respond to questions raised by Mexico's Tax Administration Service, according to an equity analyst not involved in the offering.

"That small piece of paper is absolutely necessary," said the analyst. "It's like trying to sell an aeroplane without the certificate of the maker. It's not going to fly."

Fibra Uno has promised to "return shortly with an update", although the regulatory delay may push pricing into early next year, given the proximity of year-end holidays, bankers involved in the offering said.

Fibra Uno did not respond to requests for comment.

NEXT, which stands for Nearshoring Experts and Technology, was to have been a landmark transaction in Mexico, providing a way for international investors to play the growth of local manufacturing and distribution of goods across the Americas.

At Ps15.56bn, the offering would have been the largest domestic IPO since the privatisation of Mexico City airport in 2018. Fibra ProLogis and Fibra Vesta completed equity raises earlier this year to help fund expansion as part of the nearshoring trend.

As part of the IPO process, Fibra Uno and NEXT were planning to adopt an internal management structure, transitioning from an external structure that rewarded founding family shareholders with fees for management and acquisitions. The parent had undertaken a US\$1.575bn bond exchange of its debt for NEXT debt, but that is conditional on completion of the IPO. (account/settings/)

NEXT owns 199 industrial warehouses, encompassing 77m square feet, across 19 Mexican states with most in the Mexico City metropolitan area. Barclays analysts wrote in November that Mexico has the potential to double its industrial real estate footprint on the back of nearshoring over the next decade or so.

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Swedish property firm Nivika had to rely on shareholder guarantees to complete its SKr511m (US\$49.23m) rights issue, which saw take-up of 57.5% and another 1.2% subscribed without rights. Shareholders Santhe Dahl Invest and Husleden Forvaltning agreed to act as guarantors and subscribed for the remaining 41.3%. A total of 17.98m shares were offered on a 3-for-13 basis at SKr28.40 each, a 10.7% discount to TERP of SKr31.81, according to IFR calculations. Proceeds will strengthen the balance sheet and repay maturing debt. Shares closed down 0.4...

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